State of Iowa - Return on Investment Program / IT Project Evaluation

SECTION 1: PROPOSAL

Project Name: Reengineering Projects   Date: 9/20/00

Agency Point of Contact for Project: Dave Arringdale

Agency Point of Contact Phone Number / E-mail: dave.arringdale@its.state.ia.us

Executive Sponsor (Agency Director or Designee) Signature: Richard Varn

Is this project necessary for compliance with a Federal standard, initiative, or statute? (If "Yes," cite specific requirement, attach copy of requirement, and explain in Proposal Summary)	No
Is this project required by State statute? (If "Yes," explain in Proposal Summary)	No
Does this project meet a health, safety or security requirement? (If "Yes," explain in Proposal Summary)	No
Is this project necessary for compliance with an enterprise technology standard? (If "Yes," explain in Proposal Summary)	No
Does this project contribute to meeting a strategic goal of government? (If "Yes," explain in Proposal Summary)	Yes
Is this a "research and development" project? (If "Yes," explain in Proposal Summary)	No

PROPOSAL SUMMARY: (See attached document)

In written detail, explain why the project is being undertaken and the results that are expected. This includes, but is not limited to, the following:

1. A pre-project (before implementation) and a post-project (after implementation) description of the system or process that will be impacted.

The intent of this funding is to provide an alternative source of funds for agencies to utilize in reengineering/refining their business processes to become more efficient. This funding source has been in place for several years and has been used widely across the enterprise to fund various reengineering efforts. Many processes can be impacted through this funding effort and, therefore, it is impossible to list all of the processes or systems that might be included. Each agency is responsible for justifying and describing the process/system that will be reengineered through an application for funding process. In fact, they will be required to complete the ROI/IT Project Evaluation form for each process they intend to apply for reengineering funds for. By doing so, we will gain a complete understanding of the process to be reengineered.

2. A summary of the extent to which the project provides tangible and intangible benefits to either Iowa citizens or to State government. Included would be such items as qualifying for additional matching funds, improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, complying with enterprise technology standards, meeting a strategic goal, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, complying with federal or state laws, etc.

Benefits to State government and citizens will be realized through each of the individual process refinement projects. Primary benefits are generally realized by making processes more efficient, reduction of time and costs, enhanced customer satisfaction and helping to achieve strategic goals. Because each project carries with it its own benefits, those will be detailed in the ROI/IT Project Evaluation form completed for each process being reengineered.

3. A summary that identifies the project stakeholders and how they are impacted by the project.

Each state agency is considered a stakeholder in this effort. State agencies have been charged by the Vilsack administration with looking at ways to become more efficient and customer-friendly and are expected to participate in the Partners for Progress effort currently underway. Agencies can not always fund reengineering efforts through their operating budget or federal funding assistance that some receive. The Reengineering Fund has provided a means for agencies to focus on reengineering efforts even when other sources of funding were insufficient or unavailable.

SECTION 2: PROJECT PLAN

Individual project plans will vary depending upon the size and complexity of the project. A project plan includes the following information:

1. Agency Information

Project Executive Sponsor Responsibilities: Identify, in Section I, the executive who is the sponsor of the project. The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Each agency will identify a project sponsor for their specific projects. In most cases, the sponsor will be either the department head or a division administrator.

Organization Skills: Identify the skills that are necessary for successful project implementation. Identify which of these skills are available within the agency and the source(s) and acquisition plan for the skills that are lacking.

Each agency will determine the extent to which the required skills exist within their agency as well as establishing the acquisition plan for acquiring the requisite skills. Reengineering efforts generally require the ability to assess business processes from a logical, business perspective. Also, skills related to the application of technology to a refined process are important. And project management and communication skills are vitally important to the implementation of new processes and the accompanying technologies

2. Project Information

Mission, Goals, Objectives: The project plan should clearly demonstrate that the project has developed from an idea to a detailed plan of action. The project plan must link the project to an agency's mission, goals, and objectives and define project objectives and how they will be reached. The project plan should include the following:

A. **Expectations**: A description of the purpose or reason that the effort is being undertaken and the results that are anticipated.

Expectations. From an overall perspective, the Reengineering Fund has been established to encourage agencies to seek ways of refining processes and applying technology as appropriate to those refined processes. In the absence of this funding mechanism, many agencies cannot successfully undertake and implement key process refinement and subsequent automation projects. Each project that is funded through the Reengineering Fund is expected to yield an adequate return on the investment made. This return is not always easily defined in quantitative terms, but improved customer service and satisfaction is often a direct benefit of reengineering efforts. Also, the Reengineering Fund is expected to encourage agencies that otherwise would not undertake process refinement projects to do so. By providing a funding source that does not require repayment by the agency, there is a greater likelihood that agencies will look for ways to improve their processes and apply technology accordingly.
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All individual projects will be required to provide specific information about security, data integrity and privacy.

B. **Measures**: A description of the set of beliefs, tradeoffs and philosophies that govern the results of the project and their attainment. How is the project to be judged or valued? What criteria will be used to determine if the project is successful? What happens if the project fails?

Each project will be required to carry with it its own set of measurements. Agencies will be required to include those measurements as part of the application for funds process by completing this ROI/IT Project Evaluation form

C. **Environment:** Who will provide input (e.g., businesses, other agencies, citizens) into the development of the solution? Are others creating similar or related projects? Are there cooperation opportunities?

Each project will include different constituencies in terms of gathering input to the project. In most cases, agency employees and often citizens will have input into the refinement of the process. Cooperation activities could exist depending on the interrelationship between agency processes and technologies.

D. **Project Management and Risk Mitigation**: A description of how you plan to manage the project budget, project scope, vendors, contracts and business process change (if applicable). Describe how you plan to mitigate project risk.

Agencies will complete the ROI/IT Project Evaluation form and submit it to the Partners For Progress Innovation Fund/Reengineering Fund Review Committee. The Department of Management, in conjunction with the Information Technology Department, will administer the fund. Each agency will be required to submit a plan for mitigating specific project risk which will be reviewed by the Reengineering/Innovation Fund Review Committee.

E. **<u>Security / Data Integrity / Data Accuracy / Information Privacy</u>**: A description of the security requirements of the project? How will these requirements be integrated into the project and tested. What measures will be taken to insure data integrity, data accuracy and information privacy?

Agencies will complete the ROI/IT Project Evaluation form and submit it to the Partners For Progress Innovation Fund/Reengineering Fund Review Committee. The Department of Management, in conjunction with the Information Technology Department, will administer the fund. Each agency will be required to submit a plan for mitigating specific project risk which will be reviewed by the Reengineering/Innovation Fund Review Committee.

3.   Current Technology Environment (Describe the following):

A. Software (Client Side / Server Side / Midrange / Mainframe)

- Application software
- Operating system software
- Interfaces to other systems: Identify important or major interfaces to internal and external systems

Software – project-specific and will be included in the ROI/IT Project Evaluation forms submitted by each agency applying for Reengineering funds.

B. Hardware (Client Side / Server Side / Mid-range / Mainframe):

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.

Hardware – project-specific and will be included in the ROI/IT Project Evaluation forms submitted by each agency applying for Reengineering funds.

4. Proposed Environment (Describe the following):

A. Software (Client Side / Server side / Mid-range / Mainframe)

- Application software.
- Operating system software.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.
- General parameters if specific parameters are unknown or to be determined.

Project-specific and will be included in the ROI/IT Project Evaluation forms submitted by each agency applying for Reengineering funds.

B. Hardware (Client Side / Server Side / Mid-range / Mainframe)

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.
- General parameters if specific parameters are unknown or to be determined.

Project-specific and will be included in the ROI/IT Project Evaluation forms submitted by each agency applying for Reengineering funds.

Data Elements: If the project creates a new database the project plan should include the specific software involved and a general description of the data elements.

To be included in each project's project plan.

Project Schedule: A schedule that includes: time lines, resources, tasks, checkpoints, deliverables and responsible parties.

To be included in each project's project plan.

SECTION 3: Return On Investment (ROI) Financial Analysis

ROI Financial Worksheet

Because the Reengineering Fund provides funding to multiple projects across a number of State agencies, it is not possible to calculate an ROI at this time. Each project will be expected to complete this section as part of their application for Reengineering Fund dollars. Once all projects have been approved, we will calculate an overall ROI that accounts for the investment and benefits of all projects.

Project Budget:

Each project being applied for and approved will determine the total budget applied against the total reengineering fund dollars.

Provide the estimated project cost by expense category.

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Personnel ............................. $_____
Software ............................... $_____
Hardware.............................. $_____
Training ................................ $_____
Facilities .............................. $_____
Professional Services............ $_____
Supplies ............................... $_____
Other (Specify)...................$_____
                Total.................. $1,000,000
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Project Funding:

Each project will carry its own cost and will be applied against the total Reengineering Fund dollars that are available. We are requesting $1,000,000 out of the Pooled Technology Account to fund the Reengineering Fund in FY 01.

Provide the estimated project cost by funding source.

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State Funds........................... $1,000,000                 100  % of total cost
Federal Funds....................... $_____ ........._____  % of total cost
Local Gov. Funds.................. $_____ ........._____  % of total cost
Private Funds....................... $_____ ........._____  % of total cost
Other Funds (Specify)............ $_____ ........._____  % of total cost
            Total Cost: .............. $_____ ........._____  % of total cost
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How much of the cost would be incurred by your agency
from normal operating budgets (staff, equipment, etc.)?   .... $____0_____
__0___%

How much of the cost would be paid by "requested IT project funding"? .. $1,000,000   0%

Provide the estimated project cost by fiscal year: FY2001 $1,000,000

                                                    FY_____ $_____

                                                    FY_____ $_____

ROI Financial Worksheet Directions (Attach Written Detail as Requested):

Annual Pre-Project Cost -- Quantify, in written detail, all actual State government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Annual Post-Project Cost -- Quantify, in written detail, all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

Citizen Benefit -- Quantify, in written detail, the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses (hidden taxes) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses.

Opportunity Value/Risk or Loss Avoidance Benefit -- Quantify, in written detail, the estimated annual benefit to Iowa citizens or to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Total Annual Project Benefit -- Add the values of all annual benefit categories.

Total Annual Project Cost -- Quantify, in written detail, the estimated annual new cost necessary to implement and maintain the project including consulting fees, equipment retirement, ongoing expenses (i.e. labor, etc.), other technology (hardware, software and development), and any other specifically identifiable project related expense. In general, to calculate the annual hardware cost, divide the hardware and associated costs by three (3), the useful life. In general, to calculate the annual software cost, divide the software and associated costs by four (4), the useful life. This may require assigning consulting fees to hardware cost or to software cost. A different useful life may be used if it can be documented.

Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual

project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the project funds requested.

Benefits Not Cost Related or Quantifiable -- List the project benefits and articulate, in written detail, why they (IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.) are not cost related or quantifiable. Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Cost Related or Quantifiable" box in the applicable row.

See section 1, Proposal Summary 1 – 3.

ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	**Project – specific**
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
A. Total Annual Pre-Project Cost:	

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
B. Total Annual Post-Project Cost:	
State Government Benefit (= A-B):	

Annual Benefit Summary

State Government Benefit:	
Citizen Benefit (including quantifiable "hidden taxes"):	
Opportunity Value and Risk/Loss Avoidance Benefit:	
C. Total Annual Project Benefit:	
D. Total Annual Project Cost:	**$1,000,000**
Benefit / Cost Ratio (C / D):	———
ROI (C – D / Project Funds Requested):	_____%

X Benefits Not Cost Related or Quantifiable (including non-quantifiable "hidden taxes")